

July 16, 2002

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

**AMENDMENT NO. 2 TO LEASE NO. 62399  
DEPARTMENT OF CHILDREN AND FAMILY SERVICES  
2525 CORPORATE PLACE, MONTEREY PARK  
(FIRST) (3 VOTES)**

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Approve and instruct the Chairman to sign the attached Amendment No. 2 to extend the term of the lease for an additional seven years and provide an additional reimbursable tenant improvement allowance to cover the cost of refurbishment of the premises for the continued occupancy of 29,542 rentable square feet for the Department of Children and Family Services (DCFS) at 2525 Corporate Place, Monterey Park, at an initial annual rent of \$670,012. Rental costs are 16 percent net County cost and 84 percent subvented by State and Federal funds.
2. Authorize the Director of the Internal Services Department (ISD) to acquire furniture systems for DCFS at a cost not to exceed \$600,000.
3. Authorize the Lessor and/or Director of ISD, at the discretion of the Chief Administrative Officer (CAO) to acquire a telephone system for DCFS at a cost not to exceed \$500,000. The full cost of the telephone, data, and low voltage systems will be paid in a lump sum by the DCFS.
4. Find that this lease Amendment No. 2 is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Class 1, Section r, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15061 (b) (3) of the State CEQA Guidelines.

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5. Approve the project and authorize the CAO, DCFS, and ISD to implement the project. The seven-year term extension in Amendment No. 2 to Lease No. 62399 will commence upon completion and acceptance of the improvements by the County.

#### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Approval of this proposed Amendment No. 2 to Lease No. 62399, and the proposed refurbishment project and furniture acquisition, will allow DCFS to house 189 staff members of the Latino Family Preservation Program (LFPP), Intake and Detention Control (IDC), and the Out-of-Home Care (OHC) programs in the proposed building. The 29,542 square feet of office space is currently leased by the Department Health Services (DHS) Environmental Health and serves as their headquarters. They are scheduled to relocate to their new headquarters building located at 5050 Commerce, Baldwin Park on June 15, 2002. Co-location of the three DCFS units will allow the County to backfill the vacated space and enable DCFS to expand and reorganize departmental programs.

#### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

The Countywide Strategic Plan directs that we invest in public infrastructure in order to strengthen the County's fiscal capacity. The proposed lease supports this strategy (Goal 4, Strategy 2, Objective 2), in the consolidation of departmental services and allows the County to maximize use of subvention funding by leasing a facility, as further outlined in Attachment A.

#### **FISCAL IMPACT/FINANCING**

The annual lease cost for the proposed facility will initially be \$670,012, which includes \$10 per square foot in tenant improvements (TIs) provided by the landlord. Should the County use the maximum \$30 per square foot available for TIs, the initial annual rent of the amended lease would be increased to a maximum \$767,678.

TIs and acquisition of furniture systems that are not funded through the lease but paid directly by DCFS are estimated to cost \$600,000 and will be initiated and completed in 2002-03. Such expenditures will be fully offset by revenue from the DCFS 2002-03 proposed operating budget.

<b>2525 CORPORATE PLACE</b>	<b>EXISTING LEASE</b>	<b>AMENDED LEASE</b>	<b>CHANGES</b>
Area (Square feet)	29,542	29,542	None
Term	5 years (11/30/00 - 11/30/05)	Additional 7 years	10 years *
Annual Base Rent	\$616,507 (\$20.86/sq.ft.)	\$670,012(\$22.67/sq.ft.)	+ \$53,505 (\$1.81/sq.ft.)
TI Allowance	None	Maximum of \$886,260 (includes \$10/sq.ft. TI's included in rent and \$20/sq.ft. Additional TI's reimbursed by County)	\$295,420 in TIs included in base rent. \$590,840 in TIs reimbursed at 11% over 120 months/\$.275 per sq. ft. per month additional rent
Maximum 1 <sup>st</sup> yr Rent	\$673,678 (\$22.80/sq.ft.)	\$767,678 (\$25.98/sq.ft.)	+ \$94,000 annually
Parking Included in Rent	143 off-street spaces	143 off-street spaces	None
Cancellation	Anytime after the 25 <sup>th</sup> month through the 31 <sup>st</sup> month on 90 days notice	Anytime after November 1, 2009 through March 31, 2010 on 90 days notice	+ 7 years
Option to Renew	None	None	None
Rental Adjustment	Annual CPI minimum of 2.5% with a Cap of 3%	Annual CPI minimum of 2.5 % with a Cap of 3%	None

\* Upon acceptance of the TI's by the County, the additional 7-year term is added to the remaining lease term.

The monthly rent under the amended lease will continue to be subject to an annual CPI adjustment not to exceed three percent which could increase the annual base rent to \$850,912 in the last year of the lease term.

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Sufficient funding for the proposed amendment is included in the 2002-03 Proposed Rent Expense Budget and will be charged back to DCFS. Sufficient funding is available in the 2002-03 Proposed Budget for Children and Family Services to cover the projected lease costs.

The total estimated purchase cost for the telephone, data, and low voltage systems is not to exceed \$500,000 and shall be paid in a lump sum by the department. Should the Lessor be able to provide the aforementioned costs at or below the County's cost, the recommendation herein, allows for the payment of these costs to the Lessor and, at the discretion of the CAO, all or part of these costs may be paid direct on a lump sum basis.

The cost associated with the proposed amendment will be offset 84 percent with State and Federal funding.

#### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

DHS Environmental Health has been at this location since November 30, 1990, under Lease No. 62399 adopted by the Board on January 2, 1990. Amendment No. 1 was adopted on October 17, 2000. The current 29,542 rentable square feet of office space will be refurbished when DHS relocates to Baldwin Park in June 2002, and the space will be backfilled by LFPP and OHC units of DCFS comprising 189 budgeted positions when the project is completed. The LFPP unit is being relocated from 2501 Davidson, Monterey Park, which is currently a month-to-month lease and OHC is relocating from a trailer presently located at MacLaren Children Center which will be backfilled by the Department of Mental Health. Additionally, IDC is relocating from the Edelman Children's Court where they have operated on a daily basis moving from empty court room to empty court room as space was available.

The proposed Amendment No. 2 to lease No. 62399 provides 29,542 rentable square feet of office space and 143 off-street parking spaces. The amended lease contains the following provisions:

- Seven-year extended term of the lease begins upon completion and acceptance of the improvements by the County. Additionally, the new monthly base rent of \$55,834 commences.

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- Hours of use for air-conditioning have been expanded to a total of 15 hours each weekday and 9 additional hours on Saturday, which is included in the base rental rate. Additionally, a charge of \$50 per hour will be assessed for any additional hours of use.
- A TI allowance of \$295,420, or \$10 per square foot, is included in the base rental rate for the renovation of the existing 29,542 square feet.
- An additional TI allowance of up to \$443,130, or \$15 per square foot and a Discretionary TI allowance of up to \$147,710, or \$5 per square foot in reimbursable tenant improvement funds is also available for tenant improvements, the actual cost of which may be paid back to the Lessor, at the County's option, in lump sum or amortized over 120 months at 11 percent per annum.
- The Lessor will provide 143 parking spaces included in the rental rate, which is sufficient to meet the parking needs of the staff.
- A cancellation provision remains in the lease, but the County has no option to renew.
- The lease continues on a full-service basis and the Lessor will be responsible for all operating and maintenance costs.

CAO Real Estate staff surveyed the area within a three-mile radius of 2525 Corporate Place, Monterey Park to determine the market rate of comparable sites. Based upon said survey, staff has established that the base rental range including parking for similar property is between \$24.00 and \$28.80 per square foot per year full-service gross. Thus, the base annual rent of \$22.67 per square foot for the base lease cost, represents a below market rental rate. Attachment B shows County-owned and leased facilities within the search area for these programs and none are available for these programs.

The Department of Public Works has inspected this facility and finds it suitable for the County's continued occupancy.

The proposed leased premises have no additional space available to house a child care center. However, there are three private child care centers available for County employees within a three-mile radius of the subject location.

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## **NEGATIVE DECLARATION/ENVIRONMENTAL IMPACT REPORT**

The CAO has made an initial study of environmental factors and has concluded that this project is exempt from CEQA as specified in Class 1, Section r, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15061 (b) (3) of the State CEQA Guidelines.

## **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

It is the finding of the CAO that the proposed Amendment No. 2 to Lease No. 62399 is in the best interest of the County and will help achieve backfilling this space with this County requirement. In accordance with your Board's policy on the housing of any County offices or activities, DCFS concurs in this recommendation.

## **CONCLUSION**

It is requested that the Executive Officer, Board of Supervisors return two originals of the executed Amendment No. 2 to Lease No. 62399, two certified copies of the Minute Order and the adopted, stamped Board letter to the Chief Administrative Office, Real Estate Division at 222 South Hill Street, 4<sup>th</sup> Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,

DAVID E. JANSSEN  
Chief Administrative Officer

DEJ:SNY  
CWW:TJS:pb

Attachments (4)

c: County Counsel  
Auditor-Controller  
Children and Family Services  
Internal Services Department

**DEPARTMENT OF CHILDREN AND FAMILY SERVICES  
2525 CORPORATE PLACE, MONTEREY PARK  
Asset Management Principles Compliance Form<sup>1</sup>**

<b>1.</b>	<b><u>Occupancy</u></b>		<b>Yes</b>	<b>No</b>	<b>N/A</b>
	A	Does lease consolidate administrative functions? <sup>2</sup>			<b>X</b>
	B	Does lease co-locate with other functions to better serve clients? <sup>2</sup> <b>DHS has been the only County tenant at the building. DCFS is backfilling the space with two programs, LFPP and OHC.</b>	<b>X</b>		
	C	Does this lease centralize business support functions? <sup>2</sup>			<b>X</b>
	D	Does this lease meet the guideline of 200 sf of space per person? <sup>2</sup> <b>Ratio: 1/156 sf</b>	<b>X</b>		
<b>2.</b>	<b><u>Capital</u></b>				
	A	Should program be in leased space to maximize State/Federal funding?	<b>X</b>		
	B	If not, is this a long term County program?			<b>X</b>
	C	Is it a net County cost (NCC) program? <b>16% (Partial)</b>		<b>X</b>	
	D	If yes to 2 B or C; capital lease or operating lease with an option?			<b>X</b>
	E	If no, are there any suitable County-owned facilities available?		<b>X</b>	
	F	If yes, why is lease being recommended over occupancy in County-owned space?			<b>X</b>
	G	Is Building Description Report attached as Attachment B?	<b>X</b>		
	H	Was build-to-suit or capital project considered? <b>Existing lease does not expire until November 30, 2005 ; this amendment extends the lease to November 30, 2012, enabling DCFS to expand and co-locate two programs within their service area.</b>		<b>X</b>	
<b>3.</b>	<b><u>Portfolio Management</u></b>				
	A	Did department utilize CAO Space Request Evaluation (SRE)?	<b>X</b>		
	B	Was the space need justified?	<b>X</b>		
	C	If a renewal lease, was co-location with other County departments considered?			<b>X</b>
	D	Why was this program not co-located?			
		1. ___ The program clientele requires a "stand alone" facility.			
		2. ___ No suitable County occupied properties in project area.			
		3. ___ No County-owned facilities available for the project.			
		4. ___ Could not get City clearance or approval.			
		5. <b>X</b> The Program is being co-located.			
	E	Is lease a full service lease? <sup>2</sup>	<b>X</b>		
	F	Has growth projection been considered in space request? <b>The DCFS relocation is functional at the expanded size and the space available within the building is being maximized.</b>	<b>X</b>		
	G	Has the Dept. of Public Works completed seismic review/approval?	<b>X</b>		
		<sup>1</sup> As approved by the Board of Supervisors 11/17/98			
		<sup>2</sup> If not, why not?			

## Attachment B

**SPACE SEARCH - 3 MILE RADIUS OF DCFS HEADQUARTERS,  
2525 CORPORATE PLACE, MONTEREY PARK  
DEPARTMENT OF CHILDREN AND FAMILY SERVICES**

LACO	FACILITY NAME	ADDRESS	SQ. FT. GROSS	SQ. FT. NET	OWNERSHIP	SQ. FT. AVAILABLE
A471	THE ALHAMBRA COMPLEX - EAST TOWER	1000 S FREMONT AVE, ALHAMBRA 91803	87,976	71,292	LEASED	NONE
A423	SHERIFF-PERSONNEL AND RECRUITMENT CENTER	101 CENTRE PLAZA DR, MONTEREY PARK 91754	37,590	33,831	LEASED	NONE
4526	BISCAILUZ-ADMINISTRATION BUILDING	1060 N EASTERN AVE, LOS ANGELES 90063	16,571	11,428	OWNED	NONE
C111	MED CTR-EXPENDITURE MANAGEMENT ANNEX	1063 N CHICAGO ST, LOS ANGELES 90033	3,338	1,823	LEASED	NONE
5863	ISD-ADMINISTRATIVE HEADQUARTERS	1100 N EASTERN AVE, LOS ANGELES 90063	123,011	87,799	FINANCED	NONE
5260	CORONER-ADMINISTRATION/ INVESTIGATIONS	1102 N MISSION RD, LOS ANGELES 90033	22,479	14,251	OWNED	NONE
A324	FIRE-EMPLOYEE RELATIONS OFFICE	1255 CORPORATE CENTER DR, MONTEREY PARK	3,079	2,925	LEASED	NONE
3542	FIRE-ADMINISTRATIVE HEADQUARTERS BLDG	1320 N EASTERN AVE, LOS ANGELES 90063	39,015	24,288	FINANCED	NONE
6131	DCSS-EAST LOS ANGELES SERVICE CENTER	133 N SUNOL DR, EAST LOS ANGELES 90063	28,514	21,777	OWNED	NONE
4364	PROBATION-EAST LOS ANGELES AREA OFFICE	144 S FETTERLY AVE, EAST LOS ANGELES	15,584	11,327	OWNED	NONE
4465	DF KIRBY CENTER- ADMINISTRATION BUILDING	1500 S MCDONNELL AVE, COMMERCE 90022	18,169	10,117	OWNED	NONE
4799	PW CENTRAL YARD-DIVISION ADMINISTRATION	1525 ALCARAZ ST, LOS ANGELES 90033	10,438	7,224	OWNED	NONE
3100	EASTLAKE JUVENILE COURTHOUSE-1	1601-1605 EASTLAKE AVE, LOS ANGELES 90033	123,286	59,969	OWNED	NONE
A275	COMMUNITY DEVELOPMENT	2 CORAL CIR, MONTEREY PARK 91755	67,500	60,750	LEASED	NONE
X201	EDMUND D EDELMAN CHILDREN'S COURT	201 CENTRE PLAZA DR, MONTEREY PARK 91754	275,530	181,958	FINANCED	NONE
4946	MED CTR-INTERNS & RESIDENTS BUILDING	2020 ZONAL AVE, LOS ANGELES 90033	142,448	79,494	OWNED	NONE
C110	MED CTR-EXPENDITURE MANAGEMENT	2064 MARENGO ST, LOS ANGELES 90033	9,602	7,010	LEASED	NONE
3241	EAST LOS ANGELES COURTHOUSE	214 S FETTERLY AVE, EAST LOS ANGELES 90022	126,972	63,347	FINANCED	NONE
6578	DPSS-METRO EAST AP DISTRICT OFFICE	2855 E OLYMPIC BLVD, LOS ANGELES 90023	63,066	29,220	OWNED	NONE
X707	PUBLIC LIBRARY-ANTHONY QUINN LIBRARY	3965 E CESAR CHAVEZ AVE LOS ANGELES 90063	7,275	6,077	OWNED	NONE
Y307	PUBLIC LIBRARY-CITY TERRACE LIBRARY	4025 E CITY TERRACE DR, LOS ANGELES 90063	8,007	6,984	OWNED	NONE
C269	DPSS-LINCOLN HEIGHTS WS DISTRICT OFFICE	4077 N MISSION RD, LOS ANGELES 90032	26,094	18,575	LEASED	NONE
X167	SHERMAN BLOCK SHERIFF'S HEADQUARTERS	4700 W RAMONA BLVD, MONTEREY PARK 91754	125,000	106,250	FINANCED	NONE
Y135	CENTRO MARAVILLA SVC CTR- BLDG B	4716 E CESAR CHAVEZ AVE, LOS ANGELES 90022	3,612	1,948	OWNED	NONE
Z367	HSG-ASSISTED HOUSING DIVISION OFFICES	4800 E CESAR CHAVEZ AVE, LOS ANGELES 90022	20,000	18,000	OWNED	NONE
5412	PUBLIC LIBRARY-EAST LOS ANGELES LIBRARY	4801 E 3RD ST, EAST LOS ANGELES 90022	14,848	11,740	OWNED	NONE
A029	PW-EAST LOS ANGELES DISTRICT OFFICE	5119 E BEVERLY BLVD, EAST LOS ANGELES 90022	3,385	2,358	LEASED	NONE
A122	BOARD OF SUP-EAST LOS ANGELES FIELD OFFICE	5262 E BEVERLY BLVD, EAST LOS ANGELES 90022	2,328	2,095	LEASED	NONE
5428	DPSS-BELVEDERE AP DISTRICT OFFICE	5445 E WHITTIER BLVD, EAST LOS ANGELES 90022	70,493	49,261	OWNED	NONE
A460	HEALTH-FERGUSON ADMINISTRATIVE CENTER	5555 FERGUSON DR, CITY OF COMMERCE 90022	268,400	246,550	LEASED	NONE
X900	THOMAS A TIDEMANSON PUBLIC WORKS	900 S FREMONT AVE, ALHAMBRA 91803	579,668	363,876	FINANCED	NONE